



Boone County, Indiana

Established 1830

Lisa Garoffolo

Boone County Assessor

115 Courthouse Square

Lebanon, Indiana 46052

OFFICE 765-483-4405 FAX 765-483-5229

Date: April 18, 2008
To: J. Barry Wood
Director of Assessments
Indiana Department of Local Government Finance

Re: SUMMARY REPORT
2008 BOONE COUNTY ANNUAL UPDATE RATIO STUDY

Dear Mr. Wood,

The following document is issued as supporting documentation to the 2008 Boone County Annual adjustment process and subsequent Ratio Study submitted to the Indiana Department of Local Government Finance on October 28, 2008. The Ratio Study was submitted via e-mail, to your attention, in Microsoft Excel format.

The annual adjustment process was performed by Government Utilities Technology Service (GUTS). Upon completion of a preliminary ratio study for Boone County, the following observations and adjustments were made in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines for 2002-Version A.

I. RESIDENTIAL PROPERTIES

- **Sales Data (50 IAC 21-3-3):** Boone County used 2006 and 2007 sales data almost exclusively thus no adjustments were made to sales data. On the rare occasion that sales were considered outside the window specified in Indiana Code, the proper adjustments were made per IAAO standards and applied in accordance with IC 6-1.1-4.
- **Neighborhood Delineations (50 IAC 31-4-1):** A review of the existing residential neighborhood structure for Boone County indicated that the current numbering format and stratification was deemed acceptable in displaying homogenous qualities. The numbering format is such that each neighborhood can be identified by Township by numerical order. Some residential neighborhoods required further stratification for differences in lot size and selling price. New neighborhoods were created and applicable parcels moved as supported by sales data.

- **Land Values Reviewed (50 IAC 21-4-2):** Upon review of the existing residential land values, vacant land sales indicated the need for adjustments to both home site base rates and residual rates in several rural, non-platted areas. Using both vacant lot sales and Land-to-Value Ratio comparisons, considerable adjustments were made to platted subdivision land rates. Further updates will be necessary in 2009. Because the vacant land sales were sparse in the rural area of Boone County, the sales were combined, for ratio study purposes, in Jackson(5), Jefferson(6), Marion(7), Perry(8), Sugar Creek(9), Washington(11), and Worth(12) Townships. You will find these combined on the Unimproved Residential ratio study spread sheet.
- **Application of Factor (50 IAC21-5-2)** With ample residential improved sales, new neighborhood factors were calculated and applied in accordance with IC6-1.1-4 and the Real Property Assessment Guidelines for 2002-Version A. Some factors increased, others decreased and many remained the same. The average factor (1.34) remained unchanged from 2007.

II. COMMERCIAL-INDUSTRIAL PROPERTIES

- **Sales Data (50 IAC 21-3-3):** Boone County considered all valid approaches to value (Sales, Cost, and Income) for Commercial/Industrial properties. All available 2006 and 2007 Improved Commercial and Industrial sales were reviewed. There were not sufficient sales to utilize the sales comparison approach exclusively so other approaches to valuation were considered and researched in accordance with IAAO standards.
- **Income data (50 IAC 21-3-3):** GUTS has begun the process of incorporating the income approach in the calculation and verification of income-producing, commercial/industrial assessments. The sources for the data used in these assessments were gathered from individual taxpayer income & expense data, public access documentation and IncomeWorks software. Through the process of modeling, GUTS plans to calculate and/or consider income data for every applicable commercial property in the county. Major changes and updates were made to several commercial neighborhoods including Anson, Perry and Lebanon Industrial Parks as well as Zionsville Village Commercial Corridor.
- **Neighborhood Delineations (50 IAC 31-4-1)** All Commercial/Industrial neighborhoods were evaluated and subtle changes were made to neighborhood delineations. New boundaries were established and some combined as to maintain consistency and equality across jurisdictions.
- **Land Values Reviewed (50 IAC 21-4-2)** Subtle updates were also made to Commercial/Industrial Unimproved properties as sales indicated. Vacant land sales were used to establish new base rates where applicable. Aerial photography was used to correct invalid land classification allocations. Considerable effort was made to review and change land assessments as they pertain to the MEMORANDUM from the DLGF regarding the classification and valuation of agricultural land. Many changes were made to land assessments that were erroneously classified as agricultural land.
- **Application of Factor (50 IAC21-5-2)** As previously stated, there were not ample sales for C/I properties.

Due to the lack of sales for commercial properties, attention was focused upon the cost and income approach to value.

As stated previously, and supported in part by the 2006 and 2007 residential sales data, the real estate market in Boone County is very stagnant. In fact, the average neighborhood factor remains unchanged in

2008 for Boone County. Upon completion of all sales comparisons and re-calculation of all 332 neighborhoods, the average factor is 1.34. The same average factor calculated in 2007.

Further, an analysis of cap rate criteria for regional investment properties supports the same conclusion that commercial/industrial property saw no measurable loss or gain in value from 2007. A copy of the summary report is supplied and indicates that commercial Midwest “Going In” caps in the 4th quarter of 2007 are virtually unchanged when compared with the same quarter of 2006. Since 2006 sales data was already considered in the 2007 trending year, 2007 market data is the only fresh indication of change for the following, 2008 period. While assessments of individual commercial/industrial properties have certainly been updated and changed throughout Boone County, It is our position, based upon all available data for commercial/industrial properties, that no *overall* change (factor) in the cost-based assessments for Boone County can be supported. Therefore, we advise no overall trending factor be applied for this property class.